

# FISCAL NOTE

**Bill #:** SB0440

**Title:** Livable wage for families

**Primary  
Sponsor:** Sue Bartlett

**Status:** As introduced

|                   |      |                             |      |
|-------------------|------|-----------------------------|------|
| Sponsor signature | Date | Dave Lewis, Budget Director | Date |
|-------------------|------|-----------------------------|------|

## Fiscal Summary

|  | <b><u>FY2000<br/>Difference</u></b> | <b><u>FY2001<br/>Difference</u></b> |
|--|-------------------------------------|-------------------------------------|
| <b>Expenditures:</b>                       |                                     |                                     |
| General Fund                               | \$41,100                            | \$34,400                            |
| <b>Revenue:</b>                            | \$0                                 | \$0                                 |
| <b>Net Impact on General Fund Balance:</b> | <b>(\$41,100)</b>                   | <b>(\$34,400)</b>                   |

| <b><u>Yes</u></b> | <b><u>No</u></b> |                                  | <b><u>Yes</u></b> | <b><u>No</u></b> |                               |
|-------------------|------------------|----------------------------------|-------------------|------------------|-------------------------------|
|                   | X                | Significant Local Gov. Impact    | X                 |                  | Technical Concerns            |
|                   | X                | Included in the Executive Budget |                   | X                | Significant Long-Term Impacts |

## Fiscal Analysis

### ASSUMPTIONS:

1. The Department of Labor and Industry (DOLI) would require 1.00 FTE compliance specialist (grade 13) for tracking, enforcement, and compliance of the businesses receiving public financial assistance. The annual cost of the position would be \$29,400.
2. Normal annual operating costs for the position would be \$5,000. In FY2000, one-time additional operating costs would be \$3,000 for programming; \$1,000 for legal time and rules drafting, and \$2,700 for office furniture and a computer.
3. The DOLI, under requirements of Section 4 regarding enforcement, will only institute administrative actions, and the lending agency will provide all collection activity.
4. The general fund is the implied funding source because of lack of a source provided in the bill.

**FISCAL IMPACT:**

| <b>DOLI</b>   | <b><u>FY2000</u></b>     | <b><u>FY2001</u></b>     |
|---|--------------------------|--------------------------|
|   | <b><u>Difference</u></b> | <b><u>Difference</u></b> |
| FTE   | 1.00                     | 1.00                     |
| <b><u>Expenditures:</u></b>   |                          |                          |
| Personal Services   | \$29,400                 | \$29,400                 |
| Operating Expenses  | <u>11,700</u>            | <u>5,000</u>             |
| TOTAL   | \$41,100                 | \$34,400                 |
| <b><u>Funding:</u></b>  |                          |                          |
| General Fund (01)   | \$41,100                 | \$34,400                 |
| <b><u>Net Impact to Fund Balance (Revenue minus Expenditure):</u></b> |                          |                          |
| General Fund (01)   | (\$41,100)               | (\$34,400)               |

**LONG-RANGE IMPACT:**

It is the Department of Commerce's contention that employers currently receiving financial assistance from the state will not be able to pay the minimum salaries required by this bill, and thus will refuse the financial assistance available. This conclusion is obviously dependent on the number of low-paid employees in the business receiving the assistance, and other tangible and intangible variables, making an estimate difficult. Thus no fiscal impact is reported for this possible eventuality.

**TECHNICAL NOTES:**

1. Depending on the form of tax credit or abatement, it may not be known until the end of the tax year whether the employer actually receives or uses the credit or abatement. As such, it may be difficult to monitor whether an employer is subject to the act, and at what point in time the "public financial assistance" is deemed to attach.
2. As drafted, DOLI does not have rule making authority with respect to the act.
3. The act does not specify the remedy (or enforcement mechanism) in the event an employer fails to return to the financing agency or lending institution the amount of public financial assistance owed as a result of having made a violation, as provided in Section 4(1).
4. Section 3(1) provides that existing employees shall be paid "at a minimum" a livable wage. However, for new employees, the "at a minimum" language is not present, allowing them to be paid only the livable wage.